

NATIONAL SECURITY COUNCIL

December 7, 1949.

MEMORANDUM FOR ADMIRAL DENNISON:

Enclosed you will find three memos from Admiral Hillenkoetter, all three dated 7 December 1949; one pertaining to a certain Senator, which I am sure will be of special interest to the President. The other two are not particularly important, but may be of some interest to him.

Please note the high classification of the long one, and handle it accordingly.

Thanks.



SIDNEY W. SOUERS

DECLASSIFIED UNDER AUTHORITY OF THE  
INTERAGENCY SECURITY CLASSIFICATION APPEALS PANEL,  
E.O. 13526, SECTION 5.3(b)(3)

ISCAP APPEAL NO. 2012-034, document no. 4  
DECLASSIFICATION DATE: December 19, 2013

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CENTRAL INTELLIGENCE AGENCY

WASHINGTON 25, D. C.

7 December 1949

MEMORANDUM

50X1, E.O.13526

I had the opportunity of meeting Senator Pat McCarran and of talking with him for a half-hour, on the eve of his departure. I had tried to get in touch with him before, but did not succeed. During his four days' stay in Rome he was very busy. The main purpose of his visit is to acquaint himself with the IRO (International Refugee Organization) and the expenses incurred, as well as the progress made, in applying the Marshall Plan.

"He discussed various details with the Director of the IRO, not being at all satisfied with the permits granted to various refugees for entering the United States. He has no objections to the fact that 40 per cent are Catholics and 20 per cent Jews, but among the others there is an infiltration of many Communists, who will be the saboteurs of tomorrow. Also other so-called refugees enter the United States across the borders of Mexico and Canada. The means of averting the danger of these undesirables, is a problem not only of the United States, but of all Western Europe.

"It seems that Senator McCarran is satisfied, in a general way, with the expenses of the OEEC (Office of European Economic Co-operation), especially in regard to Italy, where progress made in industry has brought about a decrease among the militant Communists and their followers. He spoke also of the work accomplished here by Zellerbach, Director of the Marshall Plan in Italy, since he is chairman of the Watchdog Committee of the Senate, whose aim is the elimination of useless and superfluous expenses at home as well as abroad. Moreover, he had a long conversation with Minister De Gasperi and Count Sforza and another conversation with the Pope on the question of the refugees.

"Senator McCarran was a bit reserved regarding the result of the campaign regarding the distribution of funds in the United States. He contributed to the distribution of propaganda literature in his official capacity as Senator, but when one has to deal with a

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hostile Secretary of State and a hostile administration, the thing is not simple. He knows that a little of the violent anti-British propaganda coming from the Irish in New York instead of helping, has harmed and alienated the sympathies of many people of high social position and influence, who maintain that American citizens should be kind and not offend statesmen of a country with which they have been allied in the struggle for preserving Western civilization and the peace of the world.

"The Senator is of the opinion that war between Russia and the United States is inevitable in the next year or within two years. He cannot make predictions, but an incident might even provoke the clash within two or three months. As to how long the war might be deferred, is a question which depends on the actual moment. In any case, the United States is much better prepared at the present time than in any other period of its history.

"Senator McCarran will present himself for re-election next year. If all goes well, he will be a candidate for Vice President in three years. His trip to Europe and his meeting with outstanding political men constitute his plan for such an eventuality. He plans to visit Dublin on his way back to the United States, but that will be during next month."

*Russelbutter*  
R. H. HILLENKOETTER  
Rear Admiral, USN  
Director of Central Intelligence

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WASHINGTON 25, D. C.

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7 December 1949

50X1, E.O.13526

MEMORANDUM

The following report, evaluated as true, [redacted]

[redacted] is forwarded:

"1. On 23 November 1949, we received a cable from our United Kingdom correspondent asking if we could assist them in locating some T-2 tankers for charter by the USSR. Our correspondents have an inquiry from the Soviets for an unspecified number of such tankers to be used for shipping kerosene from Constanta, Rumania, to North China. The kerosene will be destined for Shanghai but the blockade will preclude discharge at that port. Tsingtao may be the port of discharge. We cabled that we could be of no assistance.

"2. We know that the USSR is and has been shipping residual fuels from Batum to Dairen. There is, however, no surplus of kerosene in the USSR, and this tanker inquiry indicates that China desperately needs kerosene. Evidently the United States export restrictions are having their effect and the Soviets are being forced to export kerosene which they could use themselves in order to keep the Chinese Communist economy running smoothly."

*R. H. Hillenkoetter*  
R. H. HILLENKOETTER  
Rear Admiral, USN  
Director of Central Intelligence

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CENTRAL INTELLIGENCE AGENCY  
WASHINGTON 25, D. C.



7 December 1949

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50X1, E.O.13526

The following report, from a reliable source [redacted]  
[redacted] has just been received.

On 3 or 4 December 1949, Lu Han's (Nationalist Governor of Yunnan Province) representative in Macao asked the Macao Air Transport to fly from Kunming to Macao 42,000 ounces of gold worth about two million United States dollars for Lu Han's personal account as Lu expects a Communist coup in Yunnan and a formal announcement of the take-over on 7 December 1949. The deadline for landing in Kunming is sundown of 5 December 1949. The Macao Air Transport refused to risk losing the plane if unable to take off although Lu expected that the Army would be able to control the airfield from 3 to 5 December. Lu did not request that the plane evacuate himself. CAT (Chennault's airline) was not asked to fly out the gold because it would be confiscated at Haiphong or Hong Kong. Comment: The Hong Kong press of 6 December gives unconfirmed reports that the Yunnan Nationalist troops who are in contact with Chu Chia Pi and Communist guerrillas mutinied on 5 December 1949.

R. H. Hillenkoetter  
R. H. HILLENKOETTER  
Rear Admiral, USN  
Director of Central Intelligence

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